

CHAPTER NO. 700

SENATE BILL NO. 2940

By Atchley

Substituted for: House Bill No. 2893

By Sargent

AN ACT To amend Tennessee Code Annotated, Title 48, Chapter 2, Part 1 relative to the offer and sale of securities by Canadian broker-dealers.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 48-2-102 is hereby amended by deleting the word “and” after the semicolon at the end of subsection (15).

SECTION 2. Tennessee Code Annotated, Section 48-2-102 is hereby amended by deleting the period at the end of subsection (16) and inserting in its place “; and”.

SECTION 3. Tennessee Code Annotated, Section 48-2-102 is hereby amended by adding after subsection (16) the following new, appropriately designated subsection:

() “Canadian Retirement Account” means a trust or other arrangement, including, but not limited to, a “Registered Retirement Savings Plan” or “Registered Retirement Income Fund” administered under Canadian law, that is managed by the natural person who contributes to, or is or will be entitled to receive the income and assets from such account:

SECTION 4. Tennessee Code Annotated, Section 48-2-103(b) is hereby amended by deleting the word “and” after the semicolon at the end of subdivision (13).

SECTION 5. Tennessee Code Annotated, Section 48-2-103(b) is hereby amended by deleting the period at the end of subdivision (14) and inserting in its place “; and”.

SECTION 6. Tennessee Code Annotated, Section 48-2-103(b) is hereby amended by adding after subdivision (14) the following new, appropriately designated subdivision thereto:

() An offer or sale of a security effected by a Canadian broker-dealer and its agents if, at the time of the offer or sale, the Canadian broker-dealer and its agents have qualified for exemption from registration with the Commissioner of Commerce and Insurance pursuant to §48-2-109 as amended by this act.

SECTION 7. Tennessee Code Annotated, Section 48-2-109 is hereby amended by adding the following new appropriately designated subsections thereto:

() Notwithstanding the provisions of §48-2-109(a), a Canadian broker-dealer that is resident in Canada and has no office or other physical presence in the United States and is not an office of, branch of, or a natural person associated with, a broker-dealer otherwise registered in the United States may transact business in this state without

registering with the Commissioner of Commerce and Insurance as a broker-dealer under the following conditions:

(1) The business transacted in this state by the Canadian broker-dealer must be limited to the effecting of or attempt to effect transactions in securities:

(A) With or for a natural person who regularly resides in Canada and who is temporarily present in this state and with whom the Canadian broker-dealer had a bona fide customer relationship before the natural person entered the United States; or,

(B) With or for a natural person who is a resident of this state, or is temporarily present in this state, and who contributes to, or is or will be entitled to receive the income and assets from, a Canadian retirement account; and

(2) The Canadian broker-dealer files the following with the Commissioner of Commerce and Insurance:

(A) an annual notice in the form prescribed by the Commissioner of Commerce and Insurance; and

(B) a consent to service of process; and

(C) an annual fee of \$200.00; and

(3) The Canadian broker-dealer is a member of a self-regulatory organization or stock exchange in Canada; and

(4) The Canadian broker-dealer maintains its provincial or territorial registration and its membership in a self-regulatory organization or stock exchange in good standing; and

(5) The Canadian broker-dealer discloses to its customers in this state that the Canadian broker-dealer is not subject to the full regulatory requirements of the Tennessee Securities Act of 1980; and

(6) The Canadian broker-dealer is not in violation of §48-2-121 and all rules promulgated thereunder.


() Notwithstanding the provisions of §48-2-109(a), a Canadian agent representing a Canadian broker-dealer transacting business in this state pursuant to §48-2-109 as amended by this act need not register with the Commissioner of Commerce and Insurance as an agent provided that he or she is registered in good standing in the appropriate Canadian jurisdiction.

SECTION 8. The commissioner may promulgate rules and regulations, including public necessity rules and regulations, to administer the provisions of this part. Such rules and regulations shall be promulgated in accordance with the Uniform Administrative Procedures Act, compiled in Title 4, Chapter 5.

SECTION 9. For the purpose of promulgating rules and regulations, this act shall take effect upon becoming a law, the public welfare requiring it. For all other purposes, this act shall take effect July 1, 2002, the public welfare requiring it.

PASSED: April 24, 2002


JOHN S. WILDER
SPEAKER OF THE SENATE


JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 1st day of May 2002


DON SUNDQUIST, GOVERNOR